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**VIA FEDERAL EXPRESS**

November 30, 2001

David P. Boergers  
Acting Secretary  
Federal Energy Regulatory Commission  
888 First Street, NE  
Washington, DC 20426

Re: Avista Corporation, *et.al.*  
FERC Docket No. RT01-35-000

Dear Mr. Boergers:

Enclosed for filing please find an original plus fourteen (14) copies of Portland General Electric Company, Nevada Power Company and Sierra Pacific Power Company's Joint Status Report Concerning The Framework For Formation Of A West-Wide RTO And Resolution Of Seams Issues in the above docket. In addition, I have enclosed is an extra copy. Please date stamp the extra copy and return it in the envelope provided. Hard copies will be served on all parties on the official service list in these proceedings.

Thank you for your assistance.

Sincerely,

VDS:bg

cc: Service List

**UNITED STATES OF AMERICA**  
**BEFORE THE**  
**FEDERAL ENERGY REGULATORY COMMISSION**

<b>Avista Corporation</b>	)	
<b>Bonneville Power Administration</b>	)	
<b>Idaho Power Company</b>	)	
<b>Montana Power Company</b>	)	
<b>Nevada Power Company</b>	)	<b>Docket No. RT01-35-000</b>
<b>PacifiCorp</b>	)	
<b>Portland General Electric Company</b>	)	
<b>Puget Sound Energy, Inc.</b>	)	
<b>Sierra Pacific Power Company</b>	)	

**STATUS REPORT CONCERNING THE FRAMEWORK FOR FORMATION OF A  
WEST-WIDE RTO AND RESOLUTION OF SEAMS ISSUES**

On October 16, 2000, as supplemented on October 23, 2000 and amended on December 1, 2000, Avista Corporation (Avista), Bonneville Power Administration (Bonneville), Idaho Power Company (Idaho Power), Montana Power Company (Montana Power), Nevada Power Company (Nevada Power), PacifiCorp, Portland General Electric Company (PGE), Puget Sound Energy, Inc. (Puget Sound), and Sierra Pacific Power Company (Sierra Pacific) filed in Docket No. RT01-35-000, Stage 1 of a proposal to form a regional transmission organization, RTO West. On April 26, 2001, the Federal Energy Regulatory Commission (Commission) granted, with modification, RTO West Applicants' petition for a declaratory order. In this Order, the Commission directed RTO West Applicants to file a Status Report with the Commission no later than December 1, 2001. This Status Report was to include (1) a framework for formation of a West-wide RTO; (2) resolution of seams issues; (3) a timetable for achieving a West-wide RTO end state; and (4) plans for participation in RTO West by Canadian entities. Avista Corporation, 95 FERC ¶ 61,114 at page 4.

Avista, British Columbia Hydro and Power Authority (BC Hydro), Bonneville, Idaho Power, Montana Power, PacifiCorp and Puget Sound are filing contemporaneously a Status Report Concerning Development of RTO West (the “Status Report”). Nevada Power, PGE and Sierra Pacific are filing separately to set forth a different view on the framework for the formation of a West-wide RTO and to comment on the resolution of seams issues.

## **I.**

### **Framework for Formation of a West-Wide RTO**

Avista, BC Hydro, Bonneville, Idaho Power, Montana Power, PacifiCorp and Puget Sound are submitting, as part of the Status Report, a Vision Statement reflecting a proposed framework for a seamless West-wide market. PGE, Sierra Pacific and Nevada are generally in agreement with the concepts embodied in the Vision Statement. However, we disagree with that portion of the Vision Statement that asserts that it is necessary to start with three RTOs in developing a seamless West-wide market. While we have no objection to the creation of three RTOs in the West, we do not believe that it is a “necessary first step” to the creation of a seamless Western market. Rather, PGE, Sierra Pacific and Nevada Power believe that it is desirable to concurrently explore the possibility of developing fewer than three RTOs in the West.<sup>1</sup> Our disagreement with the other RTO West Filing Utilities is that we would simply like to have the Vision Statement contain an affirmative commitment to engage in such an exploration.<sup>2</sup> It is our view that a commitment to explore the feasibility of creating fewer RTOs is consistent with the views expressed by FERC in its April 26<sup>th</sup> Order. In addition we do not

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<sup>1</sup> PGE, Nevada and Sierra Pacific as part of TransConnect, LLC have engaged in discussions with WestConnect RTO, LLC, an RTO that shares with TransConnect the vision for a for-profit transmission company. While these discussions are still at a preliminary stage, TransConnect is hopeful they will create additional opportunities for combining efforts to create a broad-based RTO in the West.

<sup>2</sup> We would be comfortable starting with two RTOs in the West. We would have no objection to the eventual creation of one RTO, however we believe that, for political and other reasons, the timing may not be right for the creation of one RTO at this time.

believe that such a commitment would or should delay the continued efforts to form RTO West. Nor should our desire to explore the possibilities for moving expeditiously to fewer RTOs be interpreted as a lack of a commitment to RTO West. Our aim is simply to continue our efforts to develop RTO West and at the same time move more aggressively to the end-state favored by FERC.

## II.

### Resolution of Seams Issues

As described in the Status Report submitted by Avista, BC Hydro, Bonneville, Idaho Power, Montana Power, PacifiCorp and Puget Sound, progress is being made on the resolution of seams issues among the three Western RTOs. PGE, Sierra Pacific and Nevada have actively participated in these efforts. One aspect of seams resolution that we are particularly concerned about is pricing reciprocity. Our disagreement with the other RTO West Filing Utilities on this issue resulted in PGE, Sierra Pacific and Nevada making a separate Stage 1 filing.<sup>3</sup> As long as there is more than one RTO in the West, pricing reciprocity will remain an important issue to us. We will continue to work within RTO West and with the other RTOs to resolve this issue.

We are pleased with the progress being made on the resolution of other seams issues and believe that the continued advancement toward a seamless market demonstrates the feasibility of developing fewer RTOs in the West.

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<sup>3</sup> See, *Amended Supplemental Compliance Filing and Request for Declaratory Order Pursuant to Order 2000*, , Docket No. RT01-35, 12/1/2000.

Dated this 1<sup>st</sup> day of December 2001.

Respectfully submitted,

PORTLAND GENERAL ELECTRIC

NEVADA POWER COMPANY COMPANY  
and SIERRA PACIFIC POWER

By \_\_\_\_\_  
Stephen R. Hawke  
Vice President Delivery System

By \_\_\_\_\_  
Gary Porter  
Executive Director Transmission  
Planning & Engineering

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